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C O N F I D E N T I A L SECTION 01 OF 02 JEDDAH 000469

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TAGS: [ECON](#) [JA](#) [KISL](#) [PREL](#) [SA](#)
SUBJECT: CG MEETS NEW JAPANESE CONSUL GENERAL

Classified By: Consul General Tatiana Gfoeller, for
reasons 1.4 (b) and (d).

¶1. (C) SUMMARY: On July 8, the Consul General and Pol/Econ Chief met the new Japanese Consul General in Jeddah. His primary objective is to promote Japanese business activities in western Saudi Arabia. As part of his duties, he will monitor and facilitate a major Saudi-Japanese petrochemical project in Yanbu. Despite the achievements of major Japanese firms, the Japanese CG related that small and medium Japanese firms have difficulty operating in foreign environments that do not share the Japanese business ethic. Currently, the Japanese Consulate serves a very small expatriate community, but these major development projects will increase its work. The Japanese CG professed to have found the Saudi bureaucracy unresponsive and slow. Like his diplomatic colleagues, he closely monitors the security environment and appreciated cooperation he had received from ConGen RSO. END SUMMARY.

NEW JAPANESE CONSUL GENERAL IN JEDDAH

¶2. (C) On July 8, the CG received a courtesy call from newly appointed Consul General of Japan, Toshimitsu Ishigure. Also present was Jeddah Pol/Econ Chief. Ishigure assumed his position on April 25 of this year. Prior to Jeddah he was with the section of the Japanese Foreign Ministry responsible for relations with European international organizations. He had most recently been working on Japanese relations with NATO. Ishigure joined the Japanese Foreign Ministry about ¶1974. He is a specialist in Middle Europe and speaks Czech. He has also been intimately involved in international organizations, having worked for UNDP where he was involved in disaster relief activities. Earlier in his career he spent three years in Papua New Guinea.

MAJOR TASK: ECONOMIC AND BUSINESS RELATIONS

¶3. (C) Ishigure told the CG his primary task while in Jeddah is to monitor and promote Japanese business in western Saudi Arabia. The current bustling Saudi economy, combined with the Saudi government's explicit policy of seeking stronger relations with Asia, has turned many Japanese businessmen's attention to the Kingdom. However, as of yet, only the very largest Japanese firms have braved the Saudi market.

JAPANESE INROADS IN PETROCHEMICALS

¶4. (C) Ishigure's immediate goal is to facilitate the

recently signed Japan-Saudi Arabia agreements for development of petrochemical facilities at Yanbu and Rabigh (The proposed site for the huge King Abdullah Economic City project.) The Yanbu project is valued at more than \$100 million. Ishigure expects that with follow-on developments in Rabigh, the value of the agreements will exceed \$300-400 million. He estimated that the development phase for these projects will create more than 20,000 jobs, many of them to be filled by Japanese. Japanese firms are also involved in major water desalination projects in the Kingdom.

SMALL AND MEDIUM JAPANESE BUSINESSES ARE NAIVE

¶5. (C) In discussing Japanese international business efforts, Ishigure described small- and medium-sized businesses as being rather naive in a foreign environment. Because Japanese firms are so accustomed to the environment of trust that exists in Japan, they are easily misled by foreigners who operate by different rules. He cited the example of China. Although large Japanese firms have few difficulties, he said many smaller businesses have very bad experiences. He described the process thus: The Chinese authorities promise a prospective business land and labor, if the Japanese provides the money and know-how. After the business has become established, the Chinese then change the rules and refuse to repatriate the profits or allow the business to be liquidated. Consequently, many of these small- and medium-sized Japanese firms are forced to leave China with nothing and "some of these businessmen end up driving taxi cabs back in Tokyo."

BUSINESS WILL INCREASE CONSULAR WORK FOR JAPANESE

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¶6. (C) Presently, the Japanese Consulate's activities are limited. The Japanese community in the Western Arabia consular district consists of only 160 individuals. Japan has an insignificant Muslim population ("less than 100 people"), so pilgrims are not a major task. Ishigure did reveal that they were dealing with one child abduction case. A Japanese woman had married a Saudi in Japan. The family had traveled to Abu Dhabi, where the husband abandoned the wife and took the children to Saudi Arabia. The CG related some of the difficulties experienced by Americans in similar situations.

¶7. (C) As the major Saudi-Japan projects get underway, the Consulate's labors will increase. Dealing with the demand for travel and residence documents will be a major obligation for the Japanese Consulate. Ishigure admitted that even in the short time he had been in Saudi Arabia, he has found the bureaucracy difficult to manage. After nearly three months, he still has not received his iqama (residence permit). The CG assured him that everyone suffered the same difficulties.

SECURITY IS A MAJOR CONSIDERATION

¶8. (C) Like all foreign missions in the Kingdom, Ishigure said that monitoring the security environment in the country would be an important task for him. He praised the advice and cooperation he had already received from ConGen's RSO following the shooting incident at ConGen Jeddah in May. The Japanese Consulate is located only three streets east of the U.S. Consulate, and he appreciated the warning and follow-up information supplied to his staff. The CG comforted Ishigure with the information that there is no history of Asians being targeted by terrorists in the Kingdom. Gfoeller